



OFFICE OF AUDIT & COMPLIANCE

## THE UNIVERSITY OF TEXAS AT DALLAS

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December 20, 2012

Dr. Daniel:

We have completed an audit of the [Joint Admissions Medical Program \(JAMP\)](#) for fiscal years 2011 and 2012, as part of our fiscal year 2013 Audit Plan, and the detailed report is attached for your review. The objective of this audit was to ensure the accuracy of revenues and expenditures for the Joint Admission Medical Program expenditures. We followed the audit procedures and report format prescribed by the JAMP.

Overall, we found that UT Dallas generally complies with JAMP agreement requirements and the JAMP Expenditures Guidelines. The expenditure reports appear to be materially accurate. The review resulted in no recommendations considered significant to **University** operations. However, we did provide four recommendations to further enhance controls over expenditures and to ensure full compliance with JAMP guidelines.

Management has reviewed the recommendations and has provided responses and implementation dates. Please let me know if you have any questions or comments resulting from this audit.

Toni Messer Stephens  
Executive Director of Audit and Compliance

*The University of Texas at Dallas*

Dr. Sheila Pineres, Dean of Undergraduate Studies  
Dr. Karen de Olivares, JAMP Faculty Director

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Ms. Moshmee Kalamkar, CPA, CIA, Audit Manager

*State of Texas Agencies:*

Legislative Budget Board  
Governor's Office  
State Auditor's Office  
Sunset Advisory Commission



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## Executive Summary

<p align="center"><b>Joint Admissions          Medical Program          (JAMP)</b></p> <p>Audit Report No. 1312</p>	<p><b>Responsible Party:</b></p> <ul style="list-style-type: none"> <li>• Dr. Karen de Olivares, UT Dallas JAMP Faculty Director</li> </ul>	<p><b>Auditors Assigned:</b></p> <ul style="list-style-type: none"> <li>• Scot St. Martin, CIA, CGAP, CRMA, Assistant Director of Internal Audit</li> <li>• Dylan Becker, CPA, Senior Auditor, In-Charge Auditor</li> <li>• Lorinda Li, Audit Intern</li> <li>• Mariya Pavlova, Audit Intern</li> </ul>
<p><b>Audit Objective:</b> The objectives of this audit were to ensure the accuracy of revenues and expenditures for the Joint Admission Medical Program and ensure UT Dallas was compliant with the JAMP Agreement and JAMP Expenditure Guidelines.<sup>1</sup></p>		
<p><b>Audit Results:</b> Due to the issues identified in this report, the 2012 Expenditure Report was adjusted by the Office of Budget and Finance (Finance) four times during the course of this review. As of the issue date of this report, UT Dallas accounting records do not support the reported expenses on the Expenditure Report. Finance has agreed to record adjusting entries in Accounting Period 4 of Fiscal Year 2013 to ensure UT Dallas accounting records agree with the 2012 Expenditure Report.</p> <p>The audit resulted in no recommendations considered significant to University operations. However, the following recommendations to enhance controls over the accounting and expenditures for JAMP funds should be considered:</p> <ol style="list-style-type: none"> <li>(1) <u>Review Wages Paid from JAMP Funds</u> - The monthly reconciliation process should include a better review process to ensure wages paid from JAMP funds relate only to JAMP personnel.</li> <li>(2) <u>Ensure Expenditure Reports Agree to Accounting Records</u> - In addition to the monthly account reconciliations, a review process should exist to ensure JAMP funds are accurately accounted for during the reporting periods.</li> <li>(3) <u>Maintain Adequate Supporting Documentation for JAMP Expenditures</u> – We recommend, prior to authorization of monthly JAMP expenditure activities, a reconciliation process is strictly adhered to that requires the inclusion and maintenance of adequate supporting documentation for JAMP expenditures.</li> <li>(4) <u>Reconcile Purchasing Card Transactions for Proper Account Coding</u> - To ensure accuracy with University accounting records, we recommend, as part of the monthly purchasing card reconciliation and approval process, account codes are routinely reviewed for accuracy to the cardholder activity reports.</li> </ol>		
<p><b>Management’s Response:</b>  <i>Recommendations will be implemented.</i></p>	<p><b>Estimated Date of Implementation:</b> <i>All recommendations to be implemented by the end of the 2<sup>nd</sup> quarter FY 2013.</i></p>	

<sup>1</sup> <http://www.utsystem.edu/jamp/Forms/JAMP%20UG%20Expenditure%20Guidelines%2001-06-09.pdf>

## Background

The Joint Admissions Medical Program (JAMP) was created by Senate Bill 940 of the 77th Texas Legislature to: *Provide services to support and encourage highly qualified, economically disadvantaged students pursuing medical education, award undergraduate and medical school scholarships, and provide for the admission of those students who satisfy both academic and non-academic requirements to at least one participating medical school.*

Noncompliance with JAMP guidelines and JAMP Expenditure Guidelines increases the potential risk for decreased funding or the cessation of future funding to UT Dallas.

FY	UT Dallas JAMP Distribution
2011	\$19,270
2012	\$15,122

## Audit Objective

The objectives of this audit were to ensure the accuracy of revenues and expenditures for the Joint Admission Medical Program and ensure UT Dallas was compliant with the JAMP Agreement and JAMP Expenditure Guidelines.<sup>2</sup>

## Scope and Methodology

The audit included financial activity for the period from September 1, 2010 to August 31, 2012.

We followed the audit procedures recommended by the JAMP Council by:

- Gaining an understanding of the JAMP Council Agreement.
- Interviewing persons responsible for compliance.
- Reviewing and testing the 2011 and 2012 Expenditure Reports to determine if:
  - ✓ Expenditures were compliant with the UT JAMP Guidelines and UT Dallas Policies.
  - ✓ If adequate supporting documentation existed for all expenditures.
  - ✓ The Expenditure Reports accurately reflected all transactions used with JAMP funds.
- Testing a sample of transactions from Fiscal Years 2011 and 2012.

<sup>2</sup> <http://www.utsystem.edu/jamp/Forms/JAMP%20UG%20Expenditure%20Guidelines%2001-06-09.pdf>

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## Audit Results and Management's Responses

According to The UT System, a significant recommendation is defined as one that may be material to operations, financial reporting, or legal compliance. This would include an internal control weakness that does not reduce the risk of irregularities, illegal acts, errors, inefficiencies, waste, ineffectiveness, or conflicts of interest to a reasonable low level. There were **no** recommendations considered significant to University operations.

### Audit Results

Due to the issues identified in this report, the 2012 Expenditure Report was adjusted four times by Finance during the course of this review. As of the issue date of this report, UT Dallas accounting records do not support the reported expenses on the Expenditure Report. The departments are responsible for ensuring accurate accounting records are maintained. Finance has agreed to record adjusting entries in Accounting Period 4 of Fiscal Year 2013 to ensure UT Dallas accounting records agree with the 2012 Expenditure Report.

In addition to the inaccuracies in the expenditure report, we noted the following opportunities to improve JAMP reporting:

(1) Review Wages Paid from JAMP Funds

During the course of this audit, one student was paid wages of \$1,500 from the Cost Center dedicated to JAMP, but the student was not a JAMP participant. The Expenditure Guidelines state, "The expenditure of JAMP funds must provide direct support to JAMP and/ or JAMP participants and pre-JAMP participants as defined by "Agreement" between the JAMP Council and the General Academic Institution."<sup>3</sup>

This issue occurred, as a result of an allocation of wages (accounting period 10 of FY 2012) for JAMP participants between cost center dedicated to JAMP, 21256001, and the cost center for Health Professions Advising Center (HPAC), 21231006. During this allocation, wages paid to a student who was not a JAMP participant was inadvertently included in the cost center dedicated for JAMP. Conversely, wages paid to a student who was a JAMP participant were allocated to the HPAC cost center.

**Recommendation:** The monthly reconciliation process should include a better review process to ensure wages paid from JAMP funds relate only to JAMP personnel.

**Management's Response:** *The monthly reconciliation process will include routine compliance review procedures to ensure wages are paid as per the approved JAMP budget. Wages budgeted will be paid to and also in support of JAMP participants.*

**Estimated Implementation Date:** 10/1/2012

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<sup>3</sup> <http://www.utsystem.edu/jamp/Forms/JAMP%20UG%20Expenditure%20Guidelines%2001-06-09.pdf>



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**Responsible Party:** JAMP Faculty Director (JFD), Office of Undergraduate Education (OUE)

(2) Ensure Expenditure Reports Agree to Accounting Records

Five of the 11 expense line items on the 2012 Expenditure Report did not agree to UT Dallas accounting records. As a result, the total expenses recorded in the general ledger were \$700.75 greater than what was reported in the 2012 Expenditure Report. JAMP expenditure guidelines state, "The expenditures must be reasonable and appropriate and should: have appropriate supporting documentation to provide justification and accountability of funds expended...".

**Recommendation:** In addition to the monthly account reconciliations, a review process should exist to ensure JAMP funds are accurately accounted for during the reporting periods.

**Management's Response:** *With JFD access to screens, an additional review of monthly account reconciliations will be instituted to ensure on the part of the JFD that JAMP funds are accurately accounted for during reporting periods.*

**Estimated Implementation Date:** 12/1/2012

**Responsible Party:** *This responsibility is shared in that the report is not produced by the JFD; however, it should be comprised of expenditures that have been approved by the JFD. (The Expenditure Report is produced by Accounting). The JFD will monitor activity monthly and respectfully asks that Expenditure Reports be subject to review for accuracy prior to submission.*

(3) Maintain Adequate Supporting Documentation for JAMP Expenditures

No supporting documentation existed for two of five FY 2011 travel expenditures (40%), totaling \$790.10. As a result, we were unable to determine if these expenditures were properly approved, accurately coded, or allowable per JAMP Expenditure Guidelines.

The JAMP Expenditure Guidelines state that "*all expenditures must have appropriate supporting documentation to provide justification and accountability of funds expended.*" Failure to maintain complete and accurate records increases the risk of improper use of funds and loss of funding for UT Dallas. Supporting documentation for all expenditures used with JAMP funds should be maintained to ensure compliance with the JAMP Expenditure Guidelines.



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**Recommendation:** We recommend prior to authorization of monthly JAMP expenditure activities, a reconciliation process is strictly adhered to that requires the inclusion and maintenance of adequate supporting documentation for JAMP expenditures.

**Management's Response:** *Strict adherence to the inclusion and maintenance of adequate supporting documentation has been instituted, including appropriate backup and compliance in keeping with UT Dallas regulations.*

**Estimated Implementation Date:** *This process was enhanced greatly with the arrival of the current HPAC administrative assistant. It continues to be a priority for JAMP and the Office of Undergraduate Education.*

**Responsible Party:** *JFD*

**(4) Reconcile Purchasing Card Transactions for Proper Account Coding**

Eight of the 11 purchasing card transactions tested, totaling \$1,805.07, were incorrectly coded. UT Dallas purchasing card guidelines state that departments are responsible for providing the correct coding. Object codes help managers understand where funds are being used. Not properly classifying expenses can result in managers making decisions based on inaccurate information. This did not, however, affect the JAMP Expenditure Reporting, as all expenses were included on the Expenditure Reports.

**Recommendation:** To ensure accuracy with University accounting records, we recommend, as part of the monthly purchasing card reconciliation and approval process, account codes are routinely reviewed for accuracy to the cardholder activity reports.

**Management's Response:** *Account codes are currently subject to scrutiny, with documentation of correct coding noted on the Purchasing Card form.*

**Estimated Implementation Date:** *11/15/2012*

**Responsible Party:** *The JFD will review coding, recommend different codes as indicated, and save a copy of approval with recommendations.*

## **Prior Audit Results and Recommendations**

### ***Controls over Expenses Should Be Improved***

**Partially Implemented** – As discussed above, expenses are still being charged to the wrong object code and salaries for JAMP participants were improperly allocated between cost centers.



## **Conclusion**

Overall, opportunities exist to strengthen controls to ensure accurate accounting records are maintained during each reporting period. Implementation of the four recommendations above will assist management in ensuring compliance with JAMP guidelines and UT Dallas policies.

We appreciate the courtesy and cooperation received from the staff in the Office of Undergraduate Education, Contract and Grant Accounting, and Office of Budget and Finance during this audit.





Joint Admission Medical Program  
 FY 2011 Expenditure Report – Undergraduate Institutions

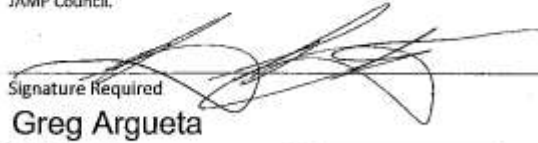
Institution University of Texas at Dallas Date 10/7/2011

Income	
FY 2011 Distribution	\$19,270.00
FY 2010 Carry Forward	\$11,140.42
<b>Total</b>	<b>\$30,410.42</b>
Expenses	
Salaries – Professional/Administrative	
Salaries – Faculty	\$9,990.09
Salaries - Classified	
Wages – Students	\$2,081.25
Other Personnel Costs/Contract Services*	
Fringe Benefits	\$2,918.53
Maintenance and Operation	\$6,163.86
Equipment Purchases <sup>1</sup>	
Capital Purchases <sup>2</sup>	
Travel <sup>3</sup>	\$1,953.88
Other (must specify) <sup>4*</sup>	
<b>Total Expenses for FY 2011</b>	<b>\$23,127.61</b>
<b>Unspent Balance</b>	<b>7282.81</b>

**Additional information required.** A copy of your Institution's monthly statement of account for JAMP funds, as of August 31, 2011 must be provided with this report.

**Unspent FY11 Funds.** Any funds that have been encumbered under the FY09-15 Agreement should be expended no later than September 30, 2011. All remaining funds must be returned no later than October 31, 2011.

**Certification.** By signing this document, I certify, to the best of my knowledge and belief, that this report is correct and that all outlays and unliquidated obligations are for the purpose set forth in the Agreement executed with the JAMP Council.

Signature Required 

Print Name  
**GREG.ARGUETA@UTDALLAS.EDU**

Email address

Date 10/21/11  
 Accounting Manager

Title  
**972-883-2679**

Telephone Number

The signature required must be the institution's officer responsible for accountability of JAMP funds. This may be a vice president, controller, director or manager of contract and grants, or other business officer directly responsible for funds.

<sup>1</sup> JAMP requires a list of all equipment purchases with a value of \$250 or higher.  
<sup>2</sup> JAMP defines capital expenditures as items of physical improvement, i.e. classrooms, resource rooms, labs.  
<sup>3</sup> Travel using JAMP funds must be conducted in-state; no out-of-state travel can be conducted using JAMP funds.  
<sup>4</sup> The category "Other" is to be used when no other category applies. Information must be provided to identify expenditure(s).  
 \* A detailed explanation of expenditures is required for funds listed in this category.



**Joint Admission Medical Program  
 FY 2012 Expenditure Report – Undergraduate Institutions**

Institution The University of Texas at Dallas Date 11/09/2012

Income	
FY 2012 Distribution	\$15,122.00
<b>Total</b>	<b>\$15,122.00</b>
Expenses	
Salaries – Professional/Administrative	\$3,000.00
Salaries – Faculty	\$0.00
Salaries - Classified	\$0.00
Wages – Students	\$6,274.16
Other Personnel Costs/Contract Services*	\$0.00
Fringe Benefits	\$25.71
Maintenance and Operation	\$139.56
Equipment Purchases <sup>1</sup>	\$1,748.74
Capital Purchases <sup>2</sup>	\$0.00
Travel <sup>3</sup>	\$102.30
Other (must specify) <sup>4*</sup>	
Subscriptions	\$308.00
Meeting Expenses	\$912.15
Conference Fee	\$550.00
Textbooks	\$1,877.90
<b>Total Expenses for FY 2012</b>	<b>\$14,938.52</b>
<b>Unspent Balance</b>	<b>183.48</b>

**Additional information required.** A copy of your institution's monthly statement of account for JAMP funds, as of August 31, 2012 must be provided with this report.

**Unspent FY11 Funds.** Any funds that have been encumbered under the FY09-15 Agreement should be expended no later than September 30, 2012. All remaining funds must be returned no later than October 31, 2012.

**Certification.** By signing this document, I certify, to the best of my knowledge and belief, that this report is correct and that all outlays and unliquidated obligations are for the purpose set forth in the Agreement executed with the JAMP Council.

  
 \_\_\_\_\_  
 Signature Required  
**GREG ARGUETA**  
 \_\_\_\_\_  
 Print Name  
**greg.argueta@utdallas.edu**  
 \_\_\_\_\_  
 Email address

11/09/2012  
 \_\_\_\_\_  
 Date  
**Accounting Manager**  
 \_\_\_\_\_  
 Title  
**972-883-2679**  
 \_\_\_\_\_  
 Telephone Number

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